

Dateline:

Labor & Workforce Development

A quarterly publication for employers from the Tennessee Department of Labor & Workforce Development
March 2007

Workers' Comp Reform increases penalties to insurance companies and employers

In 2004 the Workers' Compensation Penalty Program was created in response to the Workers' Compensation Reform Act. Since the inception of the Penalty Program the division has collected close to \$300,000 in penalties from insurance carriers and employers who are not abiding by the new laws. The most common penalty is for late payment of benefits.

For fiscal year 2004 - 2005, the Penalty Program received 120 referrals resulting in 50 penalties totaling approximately \$63,600 in fines. For fiscal year 2005 - 2006, the program received 260 referrals resulting in 100 penalties totaling approximately \$149,400 in fines. For the first six months of fiscal year 2006 - 2007, the program received 156 referrals resulting in 50 penalties totaling about \$85,000.

"Obviously we're seeing a great increase in the penalties and referrals each year," said Labor and Workforce Development Commissioner James Neeley. "This shows us the Penalty Program is working. Governor Bredesen along with the new legislation allowed the department to obtain the resources to enforce the law so parties will act appropriately, claims will be managed in a timely manner, and employees will receive their benefits."

The Workers' Compensation Penalty Program is responsible for enforcing the workers' compensation laws and regulations. These laws and regulations include, but are not limited to, 1) a 25% penalty for failing to pay or timely pay temporary benefits; 2) a \$10,000 plus penalty for failing to comply with a Specialist's order; 3) claim form

filing penalties; and 4) Benefit Review Conference penalties. The payment of a 25% penalty is made payable to the injured employee. All other fines become part of the division's Second Injury Fund.

"Prior to the legislation there were no penalties if an insurance carrier or employer was late in paying a compensable claim," said Workers' Compensation Administrator Sue Ann Head.

"There were no consequences, and for an employee, that can be tough when you don't have any income coming in. The legislation created a penalty for the late payment of benefits and the resources for us to enforce the law."

The Penalty Program is a referral based system. Complaints are received about the behavior of an employer or carrier in terms of their management of a workers' compensation case. The most common complaint is an injured employee not getting paid his temporary disability benefits. Call 615.532.2403 to file a complaint.

The Penalty Program spends a significant amount of time educating employers and carriers across the state about their responsibilities under the workers' compensation laws and regulations and how to avoid penalties. The next education opportunity will be at the **2007 Workers' Compensation Educational Conference April 2-3 in Nashville**.

For information and registration contact **Sandra Williams at 615.253.2682** or visit the Workers' Compensation Website at www.tennessee.gov/labor-wfd/wcconference2007.htm.

Routing Box

- ☐ Personnel Director
- ☐ Manager
- ☐ Payroll Officer
- ☐ Other

James G. Neeley renamed TDLWD head

Gov. Phil Bredesen reappointed James G. Neeley as commissioner of the Tennessee Department of Labor and Workforce Development in January.

The Department of Labor and Workforce Development administers the state's unemployment insurance and workers' compensation programs, coordinates job-training programs, tracks unemployment rates, supplies employers with labor market information, and enforces workplace safety standards. The department also directs the Adult Education program to meet the needs of undereducated Tennesseans and is focused on raising the number of Tennesseans who have a high school diploma or GED.

Commissioner Neeley has served Tennessee's workforce for close to three decades. He was Tennessee Labor Commissioner from 1975 to 1979 under the Blanton administration and in 2002 was first appointed Commissioner of the Department of Labor & Workforce Development by Governor Bredesen. Neeley also served as the president of the Tennessee AFL-CIO for 24 years.

Most recently Neeley was a crucial player in the workers' compensation reform bill that passed in the 2004 legislative

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Rates rise in response to Trust Fund decline

By now you have been notified Tennessee's Unemployment Compensation Trust Fund declined to a balance below the \$675 million mark on December 31, 2006, and that Premium Table 4 became effective on January 1, 2007. As a result, those employers with a calculated rate based on a positive reserve ratio will see a moderate increase in their unemployment insurance premium rate for the first and second quarters of 2007.

Current Trust Fund projections indicate a high likelihood of returning to a lower-rate table beginning third quarter of this year.

Adjustment/Refund reminder

Adjustment and refund requests must have been submitted by the end of February in order for the amount of the adjustment or refund to be included in the calculation of the employer's reserve ratio and premium rate for the new rate year that begins on July 1, 2007.

This is due to a law change in 2006.

Neely (Cont.)

session to help bring new business to Tennessee. This law is estimated to save Tennessee businesses approximately \$30 million per year and encourage new business investment in the state.

Neeley is also a key player in the Governor's Jobs Cabinet. He traveled across the state with Governor Bredesen for a series of round table meetings with local business, government and workers to develop ways to bring new business to Tennessee.

In 2004, Neeley won the prestigious Eagle Award from the National Association of State Workforce Agencies. The Award honors individuals who soar to new heights in their efforts to serve employers and workers in the United States.

"It's an honor to continue serving the employers and the workers of Tennessee," Neeley said. "Our department is a strong team, and we are all working together to develop strategies to promote workforce development and to improve workplace safety and health in Tennessee."

New Year, New TNPAWS Access Code

The Tennessee Premium and Wage Reporting System (TNPAWS) is an Internet-based application used to file the quarterly Premium and Wage Reports. The TNPAWS Web site is located at <http://tnpaws.tnui.net> and is available for use by any employer with an active employer account number and an access code. Your Access Code is printed to the right of line 1 (Total Wages) on the Premium Report (LB-0456). Access Codes change in the first quarter of each year, so please retain your access code for future filing ease.

The first quarter is the best time to begin using TNPAWS because the employee information you report is saved and displayed in the following quarters. Returning users only need to add and/or delete employees and enter the current quarter wages to complete the report. TNPAWS calculates the total, excess, and taxable wages of each employee before determining the premium due for the quarter.

Employers have the ability to override the TNPAWS calculation, if they so choose, before submitting the report. A confirmation number is assigned to each completed report to notify users that the information was

successfully transmitted. If premiums are due, a payment coupon is displayed. Simply print and return the payment coupon with your check to complete the filing process. Failure to include the payment coupon may result in your account not being properly credited.

While employers can begin using TNPAWS at any time during the year, we urge you to start in the first quarter. If you have additional questions about the operation of TNPAWS, please call 615.741.0930.

WEOC Calendar

The following are Workforce Employer Outreach Committee meetings coming up. For more information about a meeting in your area, contact Danna Douglas at 615.741.7374 or danna.douglas@state.tn.us.

White County

Monday, March 19
Conflict Resolution in the Workplace

Bradley County

Tuesday, March 20
Family Medical Leave Act

Hickman County

Tuesday, March 20
Solutions for Improving the Performance of Your Business

Dyer/Lake Counties

Tuesday, March 20
Cover TN

Gibson/Crockett Counties

Thursday, March 22
Cover TN

Franklin County

Thursday, March 22
Workers' Compensation

McMinn/Meigs Counties

Wednesday, March 28
Unemployment Insurance Claim Center

Blount County

Wednesday, March 28
Cover TN

Bradley County

Tuesday, April 17
Disability in the Workplace

